

Message Text

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21

ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 AGR-20 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07

SS-20 STR-08 CEA-02 DRC-01 /174 W

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R 051338Z JUN 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 3710

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

LIMITED OFFICIAL USE THE HAGUE 2797

E.O. 11652: N/A

TAGS: ETRD, NL

SUBJ: FOREIGN EXPORT AND DOMESTIC SUBSIDY PROGRAMS

REF: STATE A-4194

1. CAREFUL REVIEW OF HAGUE 5156 (12/27/72) AND 1284 (3/19/73) SATISFY US THAT THESE MESSAGES COVER ALL THE MAIN (NON-MONETARY) GON PROGRAMS THAT HAVE STIMULATIVE EFFECT ON EXPORTS OR ON DEVELOPMENT OF IMPORT SUBSTITUTION INDUSTRIES. WE CAN PROVIDE CY 1974 GON BUDGET FIGURES TO UPDATE THOSE FOR 1973 CONTAINED IN MESSAGES IF DESIRED.

2. CURRENT DUTCH BOP OUTLOOK IS SUFFICIENTLY FAVORABLE, DESPITE INFLATED PRICES OF ENERGY AND COMMODITY IMPORTS, TO PERMIT REDUCED EMPHASIS BY GON ON EXPORT STIMULATING PROGRAMS. IN FACT CURRENT THRUST IS ON STIMULATION OF INTERNAL DEMAND TO ABSORB UNUTILIZED CAPACITY AND CREATE JOBS. ANOTHER JOB CREATION DEVICE IS TEMPORARY 5 PERCENT INCOME TAX WRITE-OFF ON NEW INDUSTRIAL INVESTMENT, BUT EFFECT ON THIS ON EXPORTS OR IMPORT SUBSTITUTION WILL PROBABLY BE VERY MARGINAL. INVEST-
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MENT LEVY TO DISCOURAGE INVESTMENT IN DEVELOPED WESTERN PART

OF NETHS (HAGUE A-103) IS NOW ON STATUTE BOOKS BUT IS NOT BEING IMPLEMENTED DURING CURRENT PERIOD OF RELATIVELY HIGH UNEMPLOYMENT.

3. ON BALANCE PRESENT LEFT-OF-CENTER GON HAS RATHER EQUIVOCAL POLICY TOWARD DUTCH-BASED PRIVATE ENTERPRISE. IT WANTS TO MAINTAIN EMPLOYMENT LEVELS BUT HAS LITTLE INTEREST IN FACILITATING HIGHER CORPORATE PROFITS. THUS WHILE THERE MAY BE INCREASING TENDENCY TO FAVOR LOCAL PRODUCTS OVER IMPORTS IN DOMESTIC GOVERNMENT PROCUREMENT, WE DO NOT FORESEE MORE AGGRESSIVE GON SUPPORT OF DUTCH EXPORTS THROUGH SUBSIDIES OR OTHER TECHNIQUES EXPECT AS PRESCRIBED BY EEC. THIS IS SUBSTANTIATED BY READINESS WITH WHICH DUTCH ACCEPTED STANDSTILL ON EXPORT STIMULATION AT RECENT OECD MINISTERIAL. GOULD

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Draft Date: 05 JUN 1974
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Disposition Action: RELEASED
Disposition Approved on Date:
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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